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SUBJECT: VIETNAM'S ELECTRICITY SHORTAGES: THE ROLLING
BLACKOUTS HAVE BEGUN

REF: A) HANOI 857, B) HANOI 773 C) HCMC 329

1. (SBU) SUMMARY: Vietnam is facing a serious electrical shortage in the North this summer and the nation's power producer, Electricity of Vietnam (EVN), has begun instituting rolling blackouts in Northern Vietnam. With high summer temperatures and a prolonged drought that has nearly emptied many of Vietnam's reservoirs used for hydropower plants, EVN faces considerable pressure to keep the lights on in the next few months. EVN is scrambling to upgrade the North-South transmission lines and procure additional power from its Northern neighbor, China. The power shortage is so serious that EVN has recently publicized power conservation tips and informed consumers that rolling blackouts will be a continuing problem in the immediate future. Hospitals, national defense institutions, Vietnamese government headquarters, television and radio stations and "vital production sectors" will have a continuous supply of electricity, but households and businesses without generators will be left in the dark temporarily until the situation improves. In southern Vietnam, the situation is not nearly as dire; ConGen contacts report only a sporadic need for scheduled outages. End Summary..

2. (U) Due to Vietnam's rapid economic expansion and industrial efforts in recent years, the electricity consumption usage rate in Vietnam has grown substantially. In 2005, the usage is one and a half times higher than 2004. EVN estimates that electricity consumption in Northern Vietnam during the first half of this year will reach 68-70 million Kwh per day. The power industry in the south reports that Vietnam will need the equivalent to a new 715-megawatt power plant every year for the foreseeable future to keep up with growing demand (see reftel C). Along with the hot and humid weather, new building and home construction is driving up electricity demand in the North. Electricity supply has not been able to keep up with demand and as a result, EVN estimates that consumption will have to be reduced 6-7 million kWh per day or the equivalent of ten percent of the total electricity consumed daily in Northern Vietnam. EVN is struggling to meet these cuts by asking the public to conserve energy and by instituting rolling blackouts throughout Northern Vietnam.

NO RAIN ON THE HORIZON

3. (U) A prolonged drought has severely curtailed normal hydroelectric power generation in recent months (see reftel B). Hydropower accounts for approximately thirty nine percent of the country's power generation. With high temperatures in the mid to high 30s centigrade around Vietnam, water levels have decreased to dangerously low levels in many hydro-power reservoirs. At the site of Vietnam's largest hydroelectric power plant, Hoa Binh, the water level is already below the dead water level. If the Hoa Binh power plant ceases to operate, the country will face an unprecedented shortfall of approximately 1900 MW of power capacity. Unfortunately, the heavy rains in recent days around Hanoi have done little to increase the reservoir water levels, including the Hoa Binh Reservoir.

4. (U) In order to satiate the demand for electricity, EVN is running all thermal power generating plants at full capacity, increasing gas production to fuel power plants in Southern Vietnam, and negotiating to buy 400 Mw of power from China. EVN is also scrambling to complete a 500 KV transmission wire linking the central city of Danang with the North and upgrading their transformer grids. The south currently supplies four million kilowatt hours per day to Hanoi. Although these actions will help in the short-term, what Vietnam desperately needs is additional power plants and rain. Without rain in the near future to fill the water reservoirs, the current power outages in the North will likely last for a few more months.

THE BLACKOUTS ARE HERE TO STAY FOR NOW

15. (U) According to Phan Thi Thuy Tien, Deputy Director of International Cooperation at EVN, the current power problem in Northern Vietnam is "very serious." EVN has even begun informing Hanoi consumers of the rolling blackouts in newspapers and has listed approximate times and locations of where the rolling blackouts will take place. Only hospitals, national defense institutions, Vietnamese government headquarters, television and radio stations and "vital production sectors" will have a continuous supply of electricity. Other business concerns and households, including all U.S. Embassy housing units, have been affected by rolling blackouts. In fact, the sound of generators is heard more frequently around Hanoi these days, especially in the homes and businesses fortunate to own one. The Ho Chi Minh City area experiences only sporadic power blackouts, due in large part to the fact that the majority of the region's power is generated by natural gas rather than water. The Phu My power complex in Ba Ria-Vung Tau province pipes in natural gas from offshore and generates enough power to supply half the country.

16. (SBU) COMMENT: Even though EVN forecasted the electricity problem in the north many months ago, EVN has been slow to address the real issue of building new power plants and implementing contingency plans. With no rain in the horizon and no alternate sources of electricity immediately apparent, the power situation in Northern Vietnam is expected to worsen in the coming months.

BOARDMAN